

filed rate effective November 1, 2006. Specifically, from October 23 through October 31, 2006, the outbound fee for NMS Linkage orders routed to Nasdaq (in issues other than exchange-traded funds) would decrease from \$.0030/share to \$.0007/share. On November 1, 2006, the effective date of Nasdaq's fee increase, the CHX outbound NMS Linkage routing fee for such issues would return to \$.0030/share. This change is not applicable to orders for exchange-traded funds.

Trade Processing Fees: New Section E.7 of the NTM Fee Schedule is not a new provision; this provision, which provides for a Trade Processing Fee of \$.0015/share, up to \$100 per side of the trade, is merely relocated from former Section H.2. New Section H.2 establishes a Clearing Support Activity Fee, which will be assessed by the CHX beginning January 1, 2007. This fee of \$.02 per ticket, capped at \$8,000 per month, will apply to firms that average, within a month, at least 2,500 tickets per day. In establishing this fee, the CHX is attempting to defray some of the expenses associated with clearing support services that it provides to certain participant firms. Prior to submission of the NTM Fee Schedule, these expenses were largely offset by a portion of the Specialist Fixed Fee, which was eliminated in the NTM Fee Schedule. Although this fee is a new fee, the actual aggregate amount assessed by the CHX will decrease, due to elimination of the Specialist Fixed Fee. Accordingly, the CHX believes that it is appropriate to institute the new Clearing Support Activity Fee.

2. Statutory Basis

The CHX believes that the proposed rule change is consistent with Section 6(b)(4) of the Act¹² in that it provides for the equitable allocation of reasonable dues, fees and other charges among its members.¹³

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change establishes or changes a member due, fee or other charge imposed by the Exchange, it has become effective pursuant to Section 19(B)(3)(A) of the Act¹⁴ and subparagraph (f)(2) of Rule 19b-4 thereunder.¹⁵ At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.¹⁶

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-CHX-2006-31 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-CHX-2006-31. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the

submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the CHX. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CHX-2006-31 and should be submitted on or before December 18, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁷

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54775; File No. SR-DTC-2006-14]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Amend Its Certificate of Organization To Provide for the Issuance of an Additional 500,000 Shares of DTC Series A Preferred Stock

November 17, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 6, 2006, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") and on November 14, 2006, amended, the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by DTC. The Commission is publishing this notice and order to solicit comments from interested

¹² 15 U.S.C. 78f(b)(4).

¹³ Email from Kathleen Boege, Vice President and Associate General Counsel, CHX, to Joseph Morra, Special Counsel, Division of Market Regulation ("Division"), Commission, and Sara Gillis, Attorney, Division, Commission, dated November 16, 2006.

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(2).

¹⁶ For purposes of calculating the 60-day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on November 15, 2006, the date on which the CHX filed Amendment No. 1. See 15 U.S.C. 78s(b)(3)(C).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

persons and to grant accelerated approval of the proposal.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change relates to changes to DTC's Certificate of Organization to provide for the issuance of an additional 500,000 shares of DTC Series A Preferred Stock.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In 1999, DTC's Certificate of Organization was amended to provide for the issuance of up to \$150 million of Series A Preferred Stock as thereafter authorized by the Board of Directors.³ In February 2000, the Board decided to increase the capital of DTC by issuing 750,000 shares of variable rate, noncumulative, nonvoting Series A Preferred Stock at the par value of \$100 per share and to reduce the mandatory deposits to the Participants Fund by a corresponding amount.⁴ DTC participants are required to purchase and own shares of the Series A Preferred Stock in proportion to their use of DTC services. DTC treats the Series A Preferred Stock held by participants substantially the same as the mandatory cash deposits made by participants to the Participants Fund for purposes of collateralizing securities transactions, limiting net debit positions, implementing default procedures, and allocating unrecovered losses.

² The Commission has modified the text of the summaries prepared by DTC.

³ The amended Certificate of Organization was the subject of a DTC rule filing previously approved by the Commission. Securities Exchange Act No. 41529 (June 15, 1999), 64 FR 33333 (June 22, 1999) [File No. SR-DTC-99-08].

⁴ This restructuring of DTC's Participants Fund was the subject of a rule filing previously approved by the Commission. Securities Exchange Act No. 43197 (August 23, 2000), 65 FR 52459 (August 29, 2000) [File No. SR-DTC-00-02].

In order to further increase capital,⁵ DTC is proposing to amend its Certificate of Organization to provide for the issuance of an additional 500,000 shares of Series A Preferred Stock at the par value of \$100 per share and to further reduce mandatory cash deposits by a corresponding amount.⁶ The proceeds of the reductions of the mandatory cash deposits will be used to pay the purchase price of the shares, and all reductions and payments will be settled through the facilities of DTC with no action required on the part of any participant.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁷ and the rules and regulations thereunder applicable to DTC because the proposed rule change will not affect the safeguarding of securities and funds in DTC's custody or control for which it is responsible.

(B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Section 17A(b)(3)(F)⁸ of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. For the reasons set forth below, the Commission finds that DTC's

⁵ DTC, as a depository institution, is subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve. To be considered "well capitalized" under these guidelines, DTC must maintain a Tier I Leverage Ratio of at least 3% and Tier I Risk Based Capital Ratio of at least 8%. The issuance of the additional Series A Preferred Stock will enable DTC to continue to meet these requirements.

⁶ The issuance of an additional 500,000 shares will increase the outstanding amount of Preferred Stock to \$125 million and will reduce the mandatory cash portion of the Participants Fund deposit to \$475 million, maintaining the total mandatory amount at \$600 million.

⁷ 15 U.S.C. 78q-1.

⁸ 15 U.S.C. 78q-1(b)(3)(F).

proposed rule change is consistent with DTC's obligations under the Act.

The Series A Preferred Stock will be used in conjunction with and will have the characteristics of required deposits to the Participants Fund. The proposed rule change enables DTC to increase its capital base and maintain the same level of assets for use in the event of a participation default without imposing any additional financial burden on its participants and enables DTC to continue to meet the risk-based capital guidelines issued by the Board of Governors of the Federal Reserve. Therefore, the Commission finds that the rule change is consistent with DTC's obligation to assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing because approving the proposed rule change prior to the thirtieth day after the date of publication of notice of filing will allow DTC to implement the proposed rule change prior to the end of the year.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-DTC-2006-14 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-DTC-2006-14. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the

Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 100 F Street, NE., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of DTC and on DTC's Web site at <http://www.dtc.org>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2006-14 and should be submitted on or before December 18, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁹

Nancy M. Morris,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54787; File No. SR-FICC-2006-14]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating To Returning Excess Clearing Fund Collateral

November 20, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 22, 2006, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The purpose of this rule filing is to amend FICC's Government Securities

Division's ("GSD") rules to permit GSD members to request the return of their excess clearing fund collateral held on deposit with FICC on a more frequent basis than is currently allowed under GSD's rules.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. FICC has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.²

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Currently, GSD members generally are permitted to request the return of excess clearing fund collateral once per month.³ In addition, on any business day, if a GSD member has an excess clearing fund deposit in the amount of \$5 million or more, the member may request the return of the excess deposit provided, among other requirements, that the member retain on deposit with GSD the greater of at least 110 percent of its calculated required clearing fund deposit or \$1 million more than its calculated required clearing fund deposit.

In an effort to harmonize GSD's process with respect to the return of excess collateral with the processes of other Depository Trust & Clearing Corporation ("DTCC") subsidiary clearing agencies, FICC proposes to change GSD's rules to give GSD the discretion to return excess clearing fund more frequently whether or not the excess reaches 110 percent of the required clearing fund deposit or \$5 million.⁴ Under the proposal, GSD members would be able to request the

return of excess clearing fund on a daily basis. GSD would retain the right, however, to deny the return of some or all of a member's excess collateral in the following instances: (i) If the member has an outstanding payment obligation to FICC; (ii) if a member's funds-only settlement amounts or net settlement positions over the upcoming 90 days may reasonably be expected to be materially different than those of the preceding 90 days; (iii) if the member is on the watch list; or (iv) when the return of excess clearing fund will cause the member to be in violation of another GSD rule. In addition, excess clearing fund would not be returned to a member if doing so would reduce a member's cross-guaranty repayment deposit or cross-margining repayment deposit to the clearing fund below the required amount.⁵

FICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules thereunder because by enabling FICC members to request and receive an earlier return of excess clearing fund collateral held on deposit at FICC while maintaining the GSD's ability to deny the return of excess collateral in order to protect FICC from undue risk, the proposed rule change should not adversely affect FICC's ability to safeguard securities and funds in its possession or control or for which it is responsible and at the same time should enhance member liquidity.

B. Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule change will have any impact or impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

FICC has not solicited written comments relating to the proposed rule change. FICC will notify the Commission of any written comments it receives.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal**

⁵ Under GSD's rules, a "cross-guaranty repayment deposit" is a deposit to the clearing fund required to be made by a cross-guaranty beneficiary member pursuant to Rule 41, Section 4 of GSD's rules. A "cross-margining repayment deposit" is a deposit to the clearing fund required to be made by a cross-margining beneficiary participant pursuant to Rule 43, Section 6 of GSD's rules.

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified the text of the summaries prepared by FICC.

³ Excess clearing fund is the amount of collateral held on deposit at GSD that is greater than a member's required clearing fund deposit as set forth in GSD Rule 4 (Clearing Fund, Watch List and Loss Allocation).

⁴ The rules of the National Securities Clearing Corporation ("NSCC") and FICC's Mortgage Backed Securities Division ("MBSD") permit their respective members to request (under normal circumstances) the return of their excess clearing fund more frequently than once per month. Currently, NSCC's and MBSD's procedures allow members to request the return of excess collateral on a daily basis.